



# Golf Trust of America



**2000  
Annual  
Report**

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## Corporate Profile

### **Golf Trust of America, Inc.**

(AMEX:GTA) is a real estate

investment trust (REIT) formed

to capitalize upon consolidation

opportunities in the ownership

of upscale golf courses

throughout the United States.

Through a triple-net lease

structure, the Company leases its

golf courses to multiple

independent operators, many of

whom are the courses' prior

owners. The Company currently

owns an interest in 41 golf

courses located in 15 states,

including Alabama, California,

Florida, Georgia, Illinois,

Michigan, Missouri, Nebraska,

New Mexico, North Carolina,

Ohio, South Carolina, Texas,

Virginia and West Virginia.

COVER

Top – Sandpiper Golf Course, California

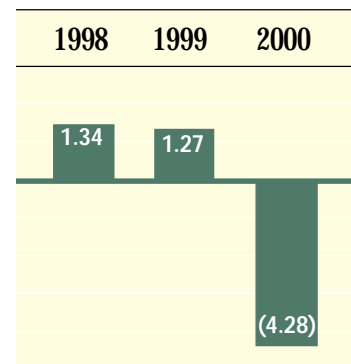
Bottom – Parkland, Legends Resort, South Carolina

## Selected Financial Highlights

(In thousands, except per share data)

	1998	1999	2000
<b>Operation Data</b>			
Total Revenue	\$ 44,384	\$ 55,777	\$ 55,466
Net Income Before Minority Interest	17,736	18,257	(49,991)
Diluted Earnings Per Share	1.34	1.27	(4.28)
Dividends Declared Per Share	1.73	1.76	1.57
Payout Ratio	76%	68%	72%
Number of Golf Courses	45	47	47
<b>Balance Sheet Information</b>			
Total Assets	\$411,981	\$433,912	\$359,881
Stockholders' Equity	109,647	130,284	82,073

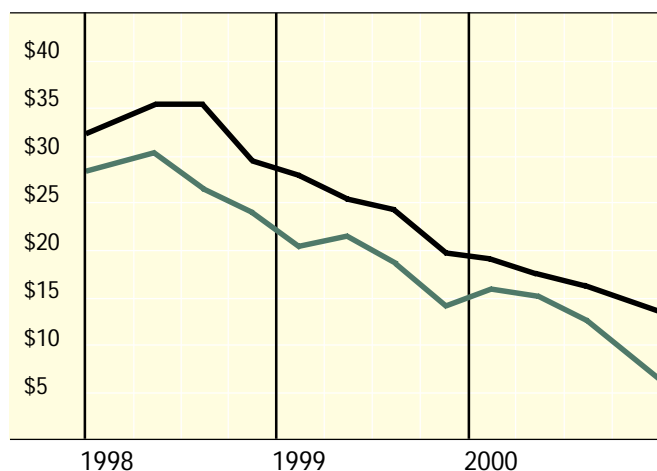
### Diluted Earnings per Share (In dollars)



Emerald Dunes Golf Course, Florida

## Quarterly Stock Price

High — Low —



**Market Information** – The following table sets forth the high and low sales prices for Golf Trust of America's common stock on the American Stock Exchange and dividend declared each quarter during year 2000.

	High	Low	Dividend
<b>2000</b>			
First Quarter	18.563	16.125	\$ .44
Second Quarter	17.625	15.50	\$ .44
Third Quarter	16.188	12.75	\$ .44
Fourth Quarter	14.3125	6.375	\$ .25

## To Our Stockholders

### *Dear Fellow Stockholders:*

At the time of our last Annual Report to Stockholders, we had just recently retained Banc of America Securities LLC to assist us in conducting a review of our strategic alternatives in order to maximize stockholder value. This process, which began in February of 2000, was concluded in February 2001, when our board of directors approved a plan of liquidation to be submitted to our stockholders for their approval at a special meeting. On April 11, 2001, we mailed a proxy statement detailing the plan of liquidation to our stockholders in connection with this Special Meeting, which is scheduled for 10:00 a.m. on May 22, 2001, at The Charleston Place Hotel, located at 205 Meeting Street, in Charleston, South Carolina. You should read the proxy statement carefully because it contains important information.

Throughout 2000, our board of directors, management and financial advisors considered alternative methods of increasing stockholder value. The options considered included selling non-core or non-performing assets, issuing additional debt or equity, restructuring, merging or selling our company, or terminating our REIT status, as well as maintaining the status quo. During this review, we continued to monitor the ever-changing conditions of the stock market, other real estate investment trusts, our lessees' performance and the competitive pressures in our golf markets. As a result of the information gathered in this process, our board of directors concluded that continuing with our current business plan was not likely to maximize stockholder value compared to other alternatives and that a liquidation of our company was clearly superior to the other strategic alternatives reasonably available to us. Accordingly, our board unanimously recommended that stockholders approve the plan of liquidation at our special meeting.

Our current financial situation is not one we could have reasonably predicted based upon our financial performance in our first three years of operations. From 1997 through 1999, we achieved solid financial results. However, the public market for specialty REIT stocks, such as Golf Trust, was severely affected during this period and by year-end 1999 our stock price had declined substantially from its record high set the previous year. This diminished access to capital, which we first felt in 1999, severely restricted our ability to pursue

opportunities in 2000 to complete acquisitions, fund growth opportunities and enhance stockholder value.

In 2000, our business plan included selectively disposing of golf courses and streamlining our operations, with no mandate to acquire additional golf courses because of market conditions. We were dependent on the debt and equity markets becoming more favorable to REITs, but they did not. While our total revenues from 1999 to 2000 remained static, our net income before minority interest fell from \$18.3 million in 1999 to a negative \$50 million in 2000. This reduction was primarily due to the recorded impairment loss of \$62.5 million as a result of information compiled in the strategic alternatives process and in accordance with Statement of Financial Accounting Standards No. 121, which requires that long-term assets to be disposed of be stated at their estimated net realizable value.

Another factor that impacted the board of directors' recommendation was information gained from golf industry reports regarding supply and demand. According to industry sources not affiliated with us, growth in golf course supply continues to outpace growth in demand for play, with no foreseeable favorable changes in this imbalance on the horizon. The environment for golf course operators and owners, including our lessees, became increasingly competitive over the last two years. We believe these competitive pressures on our lessees led to lower revenues and higher operating costs associated with discounted greens fees and increased labor and other operating expenses.

To date in 2001, we have been successful in selling six golf courses for a total of \$26 million, one of which we had been operating on an interim basis due to a lessee default. We were not formed to operate golf courses and our ability to manage our golf course assets over the long-term is

limited due to REIT restrictions. We are currently operating three golf courses on an interim basis due to lessee defaults.

In conclusion, upon approval of the plan of liquidation by stockholders, the board of directors and management are prepared to direct an orderly disposition of assets, which we believe is likely to return the maximum value to our stockholders relative to other alternatives. If the plan of liquidation is not approved, our board of directors will meet to consider the next best course of action. However, at the present time, we are not optimistic about the likely consequences of the other currently available options. Also at this time, we cannot predict what that course of action might be, including the payment of dividends, since it will depend on facts and circumstances at that time, including the status of our senior credit facility, which our lenders assert is now in default, and the financial conditions of our lessees.

Whether or not you plan to attend the special meeting, your vote and participation is very important to us as we determine our company's next course of action. Whether or not you agree with our board's recommendation that you vote in favor of the liquidation, I urge you to take the time to review the proxy statement and cast your vote by returning your proxy card.

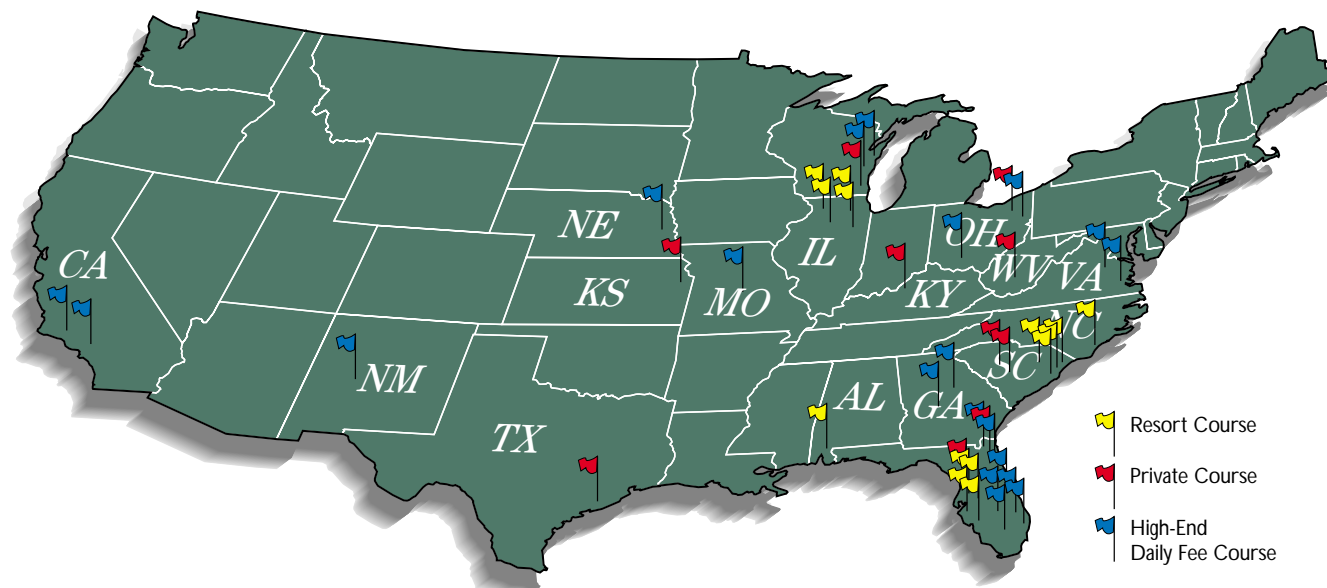
Sincerely,



W. Bradley Blair, II  
President & Chief Executive Officer

April 11, 2001

# Golf Course Portfolio



<b>ALABAMA</b>			
Woodlands Golf Course	18 Holes		
<b>CALIFORNIA</b>			
Sandpiper Golf Course	18 Holes		
Palm Desert Country Club	27 Holes		
<b>FLORIDA</b>			
The Westin Innisbrook Resort			
Copperhead	18 Holes		
Eagle's Watch	18 Holes		
Island Course	18 Holes		
Hawk's Run	18 Holes		
Sweetwater Country Club	18 Holes		
Silverthorn Country Club	18 Holes		
Polo Trace Golf Course	18 Holes		
Cypress Creek Golf Course	18 Holes		
Bonaventure			
Green Monster	18 Holes		
The Resort Course	18 Holes		
Black Bear Golf Club	18 Holes		
Wekiva Golf Course	18 Holes		
Lost Oaks of Innisbrook	18 Holes		
Emerald Dunes Golf Course	18 Holes		
<b>GEORGIA</b>			
Eagle Watch Golf Club	18 Holes		
Olde Atlanta Golf Club	18 Holes		
<b>ILLINOIS</b>			
Eagle Ridge Inn & Resort			
The General Course	18 Holes		
North Course	18 Holes		
South Course	18 Holes		
East Course	9 Holes		
<b>KANSAS</b>			
Club of the Country*	18 Holes		
<b>KENTUCKY</b>			
Persimmon Ridge Golf Club*	18 Holes		
<b>MICHIGAN</b>			
Mystic Creek Country Club	27 Holes		
Brentwood Golf & Country Club*	18 Holes		
Metamora Golf & Country Club †	18 Holes		
<b>MISSOURI</b>			
Osage National Golf Club	27 Holes		
<b>NEBRASKA</b>			
Tiburon Golf Club	27 Holes		
<b>NEW MEXICO</b>			
Tierra Del Sol Golf Club	18 Holes		
<b>NORTH CAROLINA</b>			
Oyster Bay Golf Links	18 Holes		
<b>OHIO</b>			
Ohio Prestwick Country Club*	18 Holes		
Raintree Country Club*	18 Holes		
Cooks Creek Golf Club	18 Holes		
<b>SOUTH CAROLINA</b>			
Legends Golf Resort			
Heathland	18 Holes		
Moorland	18 Holes		
Parkland	18 Holes		
Heritage Golf Club	18 Holes		
Country Club at Wildewood	18 Holes		
Country Club at Woodcreek Farms	18 Holes		
<b>TEXAS</b>			
Northgate Country Club	27 Holes		
<b>VIRGINIA</b>			
Royal New Kent	18 Holes		
Legends at Stonehouse	18 Holes		
<b>WEST VIRGINIA</b>			
The Pete Dye Golf Club	18 Holes		

\* Sold in First Quarter 2001 † Sold in Second Quarter 2001

## Board of Directors & Officers

### **Directors**

W. Bradley Blair II, *Chairman of The Board*  
Roy C. Chapman, *Independent Director*  
Raymond V. Jones, *Independent Director*  
Scott D. Peters, *Director*  
Fred W. Reams, *Independent Director*  
Edward L. Wax, *Independent Director*

### **Officers**

W. Bradley Blair II, *President & Chief Executive Officer*  
Scott D. Peters, *Chief Financial Officer & Secretary*

## Corporate Information

### **Form 10-K Availability**

Copies of Golf Trust of America's Annual Report on Form 10-K are on file with the Securities and Exchange Commission, and may be obtained, without cost, by writing to Investment Relations at our corporate headquarters.

### **Stock Listing**

American Stock Exchange  
Symbol: GTA

### **Corporate Website**

[www.golftrust.com](http://www.golftrust.com)

### **Legal Counsel**

O'Melveny & Myers LLP  
San Francisco, California

### **Transfer Agent**

Mellon Investor Services, LLC  
85 Challenger Road, Overpeck Centre  
Richfield Park, New Jersey 07660  
Telephone (800) 851-9677  
[www.mellon-investor.com](http://www.mellon-investor.com)

### **Auditors**

BDO Seidman LLC  
Charlotte, North Carolina

### **Special Meeting of Stockholders**

A Special Meeting of Stockholders will be held at 10 a.m. on Tuesday, May 22, 2001 at The Charleston Place Hotel, 205 Meeting Street, Charleston, South Carolina.

### **Annual Meeting of Stockholders**

Date to be announced.